



# **Why we need real and effective health care reform**

**By Congresswoman Jackie Speier (CA-12)**

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**Our current health care system is simply unsustainable.** The rising cost of medical care, coupled with insurance companies' need to produce profits for their shareholders, have forced more and more Americans into the individual insurance market or - worse - to face life without medical coverage.

Health care reform will help those without insurance get it, but the most far-reaching impact of the legislation is what it does for the 80% of Americans who currently have coverage.

Currently, if you have medical insurance, you get it through a government run policy, such as Medicare, Medicaid or the Veterans Administration, or alternatively, through:

1. A group policy, provided by your employer, trade association or other group; or
2. An individual insurance policy.

### **GROUP INSURANCE**

Group policies through private insurance companies cover the majority of Americans and, according to recent polls, roughly half of those covered by group policies are satisfied with their coverage. These people will be able to keep that coverage whether a health care reform package is passed or not. However, without real and effective health care reform, they cannot depend on it long-term. Here are a few reasons why this is true:

**Rising Costs:** The average family of four spent \$7,000 per year on health care in 1994. That amount is over \$13,000 now and is projected to rise to \$25,000 per year by 2019.<sup>1</sup> At this cost, few businesses will be able to afford covering their employees, subjecting them to added fees, increased co-pays and drastic reductions in benefits. Since 2008, 3.5 million Americans have been dropped from group health insurance policies, requiring them to buy an individual policy for their family, extend their current policy with expensive COBRA payments or roll the dice and live without insurance.<sup>2</sup> If you think this can't happen to you, think again. Every day, 2,190 Californians lose their group health insurance coverage.<sup>3</sup>

**Job Loss:** As we have all witnessed recently, no one's job is guaranteed to last forever. As devastating as the loss of a paycheck is to a family, it can turn catastrophic when coupled with being booted from group insurance. Only with real health care reform can families have peace of mind that, even if something as terrible as losing a job happens,

<sup>1</sup> [www.americanprogress.org/issues/2009/07/premiums\\_run\\_amok.html](http://www.americanprogress.org/issues/2009/07/premiums_run_amok.html)

<sup>2</sup> [www.americanprogressaction.org/issues/2009/02/health\\_in\\_crisis.html](http://www.americanprogressaction.org/issues/2009/02/health_in_crisis.html)

<sup>3</sup> [www.americanprogressaction.org/issues/2009/03/pdf/health\\_losses.pdf](http://www.americanprogressaction.org/issues/2009/03/pdf/health_losses.pdf)

they won't lose their access to health care.

**Rescission:** Since 2004, the three largest insurance companies have cancelled the policies of more than 20,000 Americans who did nothing more than fall seriously ill.<sup>4</sup> These consumers paid their premiums on time but their insurance companies found a reason to drop the customer rather than to pay for their medical treatment. A woman recently testified before the House Energy and Commerce Committee that her insurance policy was cancelled days before her mastectomy surgery because her insurer discovered that she didn't disclose on her application that she had once been treated for acne.<sup>5</sup>

### **INDIVIDUAL INSURANCE POLICY**

If you have ever had to shop for insurance on the individual market, you know how difficult it is to find affordable coverage. Besides the aforementioned acne, pre-existing conditions that insurers have cited for denying care are as simple as heartburn, situational stress or having had a C-section. But these two stories take the cake:

**Misdiagnosis:** An Arizona woman was incorrectly diagnosed with bipolar disorder. It was soon corrected and her doctor confirmed that she never should have been diagnosed. Years later, she was turned down for an individual insurance policy due to her "psychological history" even though the only record of any psychological care was her misdiagnosis.

**Too Healthy:** A Florida man hadn't gone to a doctor since he was a child. He is an athlete who doesn't smoke or drink and believes that you only go to the doctor when you need one. But when he went shopping for an individual health policy, he was denied for "lack of current medical records." The man didn't have medical records because he never needed medical services, but as anyone knows who has tried to reason with an insurance company, his explanation fell on deaf ears.

### **INSURING THE UNINSURED**

When those of us with insurance get sick or hurt, we go to our doctor. While there, the doctor might discover something that is an early indicator of another ailment and prescribe a preventative remedy or be able to treat the problem before it gets worse.

When someone without insurance gets sick, they often do nothing until the problem

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<sup>4</sup> [energycommerce.house.gov/Press\\_111/20090616/rescission\\_supplemental.pdf](http://energycommerce.house.gov/Press_111/20090616/rescission_supplemental.pdf)

<sup>5</sup> [energycommerce.house.gov/Press\\_111/20090616/testimony\\_beaton.pdf](http://energycommerce.house.gov/Press_111/20090616/testimony_beaton.pdf)

festers into something more serious. Then, they don't go to a doctor's office, because they don't have access to one. More likely, they seek help in the costliest place in the entire health care apparatus – the emergency room. Even more costly, they call 911, requiring an ambulance to transport them to the ER.

Because a longstanding federal law mandates treatment in the emergency room for patients regardless of ability to pay, uninsured individuals receive care that is paid for by the rest of us in higher charges for health services.<sup>6</sup> In 2008, that amount was \$42.7 billion. This practice, called “cost shifting”, costs every American family with insurance more than \$1,000 per year in increased premiums.<sup>7</sup>

The health care reform bill being considered in Congress – HR 3200 – comes with a personal mandate that everyone carry health insurance. Those who can pay must pay. Those who are too poor to pay will get help on a sliding scale up to the level of four times the poverty rate. When the more than 30 million currently uninsured Americans are able to visit a doctor, not only will the cost of health care premiums for uncompensated care drop, but the demand on emergency services will be drastically reduced, allowing ER doctors and nurses to focus on real emergencies.

**Medical Debt:** 62% of bankruptcies in the United States are caused by out-of-control medical debts. And three-quarters of those are from patients who had medical insurance when they fell ill.<sup>8</sup>

**Standard of Care:** Americans pay twice as much for health care as any other industrialized country – and our outcomes are worse. The United States ranks near the top in unnecessary deaths and our infant mortality rate is higher than all but 8 of the 37 most industrialized nations – below Cuba and Hungary. A large part of our health care cost is spent on things other than patient care. A recent study by the Congressional Budget Office concluded that 1/3 of the care provided in the United States – around \$700 billion per year – does not improve health.<sup>9</sup> And 20% of health insurance premiums go to overhead and profits (compared to just 5% in 1994).<sup>10</sup>

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<sup>6</sup>[www.cms.hhs.gov/emtala](http://www.cms.hhs.gov/emtala)

<sup>7</sup>[www.familiesusa.org/resources/publications/reports/hidden-health-tax-findings.html](http://www.familiesusa.org/resources/publications/reports/hidden-health-tax-findings.html)

<sup>8</sup> [www.pnhp.org/new\\_bankruptcy\\_study/Bankruptcy-2009.pdf](http://www.pnhp.org/new_bankruptcy_study/Bankruptcy-2009.pdf)

<sup>9</sup> [www.cbo.gov/ftpdocs/95xx/doc9563/07-16-HealthReform.1.2.shtml](http://www.cbo.gov/ftpdocs/95xx/doc9563/07-16-HealthReform.1.2.shtml)

<sup>10</sup>[content.healthaffairs.org/cgi/content/full/24/6/1629](http://content.healthaffairs.org/cgi/content/full/24/6/1629)

## **HOW HR 3200 HELPS CONSUMERS**

- Limits out-of-pocket expenses to \$5,000 per individual and \$10,000 per family each year – dramatically staving off the 62% of bankruptcies caused by medical bills;<sup>11</sup>
- Provides consumer choice so Americans can either keep the insurance they have if they like it or shop for a better deal through the Health Insurance Exchange (think: Travelocity for health care); and
- Creates competition among providers through a strong public option so one or two insurance companies which control a given geographical area cannot engage in bad customer service or jack up rates because their premium-payers have no other options.

## **WHAT I WANT TO SEE INCLUDED IN A FINAL BILL**

**A Strong and Meaningful Public Option:** The goal of health care reform is insuring the uninsured and protecting those who currently have health insurance by keeping costs down. We cannot require that people carry health insurance through the individual mandate without insuring that there is a low cost alternative in the marketplace.

Insurance companies admit that a public option might be bad for business, but it is certainly good for the American people. A recent stock assessment of UnitedHealth, one of the nation's largest insurance companies, confirmed that fact. It states that a government run public option would pose serious competition to commercial plans. It is absolutely essential that any public option not only be able to compete freely with private insurers but also be self-sustaining and, therefore, not reliant on federal subsidies.

I am supportive of a public option that will both increase competition among health plans and ensure an alternative choice for consumers that promises affordable and quality health insurance coverage.

Because I feel so strongly about this, I joined 56 of my colleagues in the House of Representatives in a letter to Speaker Pelosi and the chairmen of the relevant committees stressing the importance of a real public option.

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<sup>11</sup> [www.pnhp.org/new\\_bankruptcy\\_study/Bankruptcy-2009.pdf](http://www.pnhp.org/new_bankruptcy_study/Bankruptcy-2009.pdf)

**Affordable Coverage for All Americans:** The current bill provides affordability credits for Americans who need help paying for health insurance coverage. The credits are highest for those just above Medicaid eligibility levels and are phased out when income reaches 400 percent of the federal poverty level (\$43,000 for an individual or \$88,000 for a family of four). However, amendments in the Energy and Commerce Committee placed a far heavier burden on the working poor, making their health care costs as high as 12% of total income.<sup>12</sup> In addition, those who do not qualify for subsidies could face daunting charges (a person making \$45,000 could be required to pay almost \$5,000 in health care premiums per year). I believe that these numbers need to be re-examined before we vote on a final bill.

**Health care Associated Infections:** I am committed to ensuring that hospitals make patients healthier, not sicker. In particular, I am concerned about the rise in hospital acquired infections such as the super-bug Methicillin-Resistant Staphylococcus Aureus (MRSA). According to the Centers for Disease Control, hospital acquired infections infect 1.7 million people each year, and 100,000 Americans die from these infections every year.<sup>13</sup> MRSA alone infects 100,000 patients, 19,000 of whom die each year. The annual direct medical cost of these infections is as much as \$45 billion<sup>14</sup> – money much better spent elsewhere.

I am committed to doing all I can to ensure that strong provisions that protect patients against hospital acquired infections are included in the final bill.

**Pre-Existing Conditions:** HR 3200 bans the insurance industry's practice of rescission immediately. I believe the same should be true for pre-existing conditions. Currently, this practice is not outlawed until the total bill takes effect in 2013. There is no reason why pre-existing conditions should not be done away with immediately and I hope the final bill reflects this change.

## **WHAT LIES AHEAD**

On the last day of July, the House Energy and Commerce Committee became the last of three committees in the House of Representatives with jurisdiction over health care to pass HR 3200. (The Education and Labor Committee and Committee on Ways and Means passed the legislation earlier this summer.) In the Senate, two committees have jurisdiction – the Finance Committee and the Health, Education, Labor and Pensions (HELP) Committee.

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<sup>12</sup> [energycommerce.house.gov/Press\\_111/20090731/hr3200\\_ross\\_2.pdf](http://energycommerce.house.gov/Press_111/20090731/hr3200_ross_2.pdf)

<sup>13</sup> [http://www.cdc.gov/ncidod/dhqp/hicpac\\_HHS\\_EffortsReduceHAI\\_textonly.htm](http://www.cdc.gov/ncidod/dhqp/hicpac_HHS_EffortsReduceHAI_textonly.htm)

<sup>14</sup> [http://www.cdc.gov/ncidod/dhqp/pdf/Scott\\_CostPaper.pdf](http://www.cdc.gov/ncidod/dhqp/pdf/Scott_CostPaper.pdf)

Currently, we are combining the work of the three House committees into one bill that the House of Representatives will vote on later this fall. At the same time, the Senate is melding together provisions from the Finance Committee and HELP Committee-approved bills into a final product that they will consider in the coming weeks.

Once both chambers have approved the bills, the House and Senate will appoint conferees who will meet as a conference committee to resolve differences between the bills and emerge with final legislation.

Because the Constitution requires that both chambers pass an identical piece of legislation before it can be signed by the President, both the House and the Senate will vote once again on the bill that comes out of conference.

President Obama has called on Congress to pass a bill so that he can sign it into law before the year's end. While I have some concerns with the current bill and will work hard to see that important changes are made before voting for its passage, I am confident that we can work together and pass a historic health care reform bill that will be signed into law by the President before the end of the year.

Even then, the work has just begun. As well-meaning and thoughtful as Members of Congress may try to be, most of us are not public health experts or hospital administrators. The bill calls for a new system to take effect in 2013 – leaving sufficient time to make sure it is done right and to fix any unforeseen problems that might arise.

Health care is something that affects all of us. Emotions are running high on this issue, but I have complete confidence that – should we pass a meaningful and effective health care reform package – America will soon have the kind of health care system that the greatest and most technologically advanced nation on earth deserves.